

TABLE OF CONTENTS

TABLE OF CONTENTS

.....	1
EXECUTIVE SUMMARY REPORT	2
<i>Conclusion and Recommendation:</i>	2
ANALYSIS PROCESS.....	3
SPECIALTY	3
HIGHEST AND BEST USE ANALYSIS.....	3
SPECIAL ASSUMPTIONS, DEPARTURES AND LIMITING CONDITIONS.....	3
IDENTIFICATION OF THE AREA.....	4
<i>Property Description:</i>	4
<i>Area Description:</i>	4
PRELIMINARY RATIO ANALYSIS	6
LAND SALES, ANALYSIS, CONCLUSION.....	6
IMPROVED PARCEL TOTAL VALUES:	6
SALES COMPARISON APPROACH MODEL DESCRIPTION	6
<i>Sales Comparison Calibration</i>	6
COST APPROACH MODEL DESCRIPTION	6
<i>Cost Calibration</i>	6
INCOME CAPITALIZATION APPROACH MODEL DESCRIPTION	7
<i>Income Approach Calibration</i>	9
RECONCILIATION AND OR VALIDATION STUDY OF CALIBRATED VALUE MODELS INCLUDING RATIO STUDY OF HOLD OUT SAMPLES.....	9
MODEL VALIDATION	9
TOTAL VALUE CONCLUSIONS, RECOMMENDATIONS AND VALIDATION:.....	9
USPAP COMPLIANCE.....	11
CLIENT AND INTENDED USE OF THE APPRAISAL:.....	11
DEFINITION AND DATE OF VALUE ESTIMATE:	11
<i>Market Value</i>	11
<i>Highest and Best Use</i>	11
<i>Date of Value Estimate</i>	12
PROPERTY RIGHTS APPRAISED:	12
<i>Fee Simple</i>	12
SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS:	12
DEPARTURE PROVISIONS:.....	13
AREA 510-000 HIGH-TECH 2006 ASSESSMENT YEAR.....	14
AREA 510-000 HIGH-TECH 2006 ASSESSMENT YEAR A 2006 RATIO LOOKING AT SALES USING THE 2006 AV	15

Executive Summary Report

Appraisal Date 1/1/06 - 2006 Assessment Roll

Specialty Name: High-Tech/Flex Properties

Sales – Improved Analysis Summary

Number of Sales: 15

Range of Sales Dates: 08/03 - 12/05

Sales – Ratio Study Summary:				
	<i>Mean Assessed Value</i>	<i>Mean Sale Price</i>	<i>Ratio</i>	<i>COV*</i>
2005 Value	\$14,129,300	\$17,919,100	78.9%	15.64%
2006 Value	\$16,806,800	\$17,919,100	93.8%	7.66%
Change	\$2,677,500	0	14.90%	-7.98%
% Change	+18.95%	0%	+18.88%	-51.02%

*COV is a measure of uniformity, the lower the number the better the uniformity.

The negative figures of -7.98% (Change) and -51.02% (% Change) actually represent an improvement.

Sales used in Analysis: All sales verified as good were included in the analysis.

Total Population - Parcel Summary Data:			
	<i>Land</i>	<i>Imps</i>	<i>Total</i>
2005 Value	\$693,598,100	\$ 1,571,125,000	\$ 2,264,723,100
2006 Value	\$713,987,300	\$ 1,794,082,200	\$ 2,508,069,500
Percent Change	+2.94%	+14.19%	+10.74%

Number of Parcels in the Population: **184**

Conclusion and Recommendation:

Assessed values for the 2006 revalue have increased on average of 10.74%.

The total number of the sales sample is noted to be low for standard regression analysis, however since the values recommended in this report improve uniformity, assessment level and equity, we recommend posting them for the 2006 Assessment Roll.

Six new sales of High-Tech/Flex properties occurred in 2005. While rents and vacancies have remained relatively stable from the previous year, capitalization rates have reached record lows. Falling interest rates and demand from investors moving funds from the stock market to more secured real estate investments has led to the drop in capitalization rates. There continues to be demand for High-Tech/Flex properties, and as a result, sales prices have risen.

Analysis Process

Specialty

✚ Specialty Area – 510 - High-Tech/Flex Properties

Highest and Best Use Analysis

As if vacant: Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000 is assigned to the improvements.



Special Assumptions, Departures and Limiting Conditions

The sales comparison, income and cost approaches to value were considered for this mass appraisal valuation.

The following Departmental guidelines were considered and adhered to:

- ✚ Sales from 8/2003 to 12/2005 (at minimum) were considered in the analyses.
- ✚ No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of multiple years of market information without time adjustments averaged any changes over that time period.
- ✚ This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

-  Name or Designation: High-Tech/Flex Properties
-  Boundaries: The properties are located throughout King County but are predominantly situated between Redmond and Bothell/North Creek.

Maps:

A GIS map of the entire area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Property Description:

The High-Tech/Flex Specialty properties are generally defined as buildings that include a combination of warehouse, light industrial use, and/or office area. The occupants tend to be engaged in a variety of High-Tech enterprises that may include computer software and hardware, telecommunications, medical instrumentations, and corporate offices. The corporate offices of Microsoft, Nintendo, Safeco, and Eddie Bauer are included. The typical building often includes general offices, assembly areas, and/or computer rooms, and generally run above a 40% build-out ratio. The buildings tend to be of higher quality finish and may have multiple fiber optic lines with additional power, mechanical, and communications facilities than are found in typical Business Parks.

Area Description:

The concentrations of the High-Tech/Flex buildings are generally located within the Redmond (Close-in, Willows, & Overlake) and Bothell (North Creek) market areas with a scattering of properties around King County (Auburn, Bellevue, Federal Way, Kent, Kirkland, Issaquah, & Woodinville). Within the High-Tech/Flex specialty assignment, there are seven neighborhoods totaling 184 parcels that have been established for valuation purposes.

Neighborhood 510-10:

Neighborhood 510-10 is generally defined as those High-Tech/Flex buildings located within the Bothell (North Creek) and Woodinville neighborhoods. Within geographic area 510-10, there are approximately 22 parcels that are part of the High-Tech/Flex specialty.

Neighborhood 510-20:

Neighborhood 510-20 is generally defined as those High-Tech/Flex buildings located within the Redmond (Close-In & Marymoor Park) neighborhoods. Within geographic area 510-20, there are approximately 39 parcels that are part of the High-Tech/Flex specialty.

Neighborhood 510-30:

Neighborhood 510-30 is generally defined as those High-Tech/Flex buildings located within the Redmond (Willows Corridor) neighborhood. Within geographic area 510-30, there are approximately 38 parcels that are part of the High-Tech/Flex specialty.

Neighborhood 510-40:

Neighborhood 510-40 is generally defined as those High-Tech/Flex buildings located within Kirkland (Totem Lake) neighborhood. Within geographic area 510-40, there are approximately 18 parcels that are part of the High-Tech/Flex specialty.

Neighborhood 510-50: Neighborhood 510-50 is generally defined as those High-Tech/Flex buildings located within the Redmond (Overlake) and Bellevue (SR-520 & I-90 Corridor) neighborhoods. Within geographic area 510-50, there are approximately 50 parcels that are part of the High-Tech/Flex specialty.

Neighborhood 510-60: Neighborhood 510-60 is generally defined as those High-Tech/Flex buildings located within the Issaquah neighborhood. Within geographic area 510-60, there are approximately 5 parcels that are part of the High-Tech/Flex specialty.

Neighborhood 510-70: Neighborhood 510-70 is generally defined as those High-Tech/Flex buildings located within the Seattle, Kent, Auburn, Tukwila, and Federal Way neighborhoods. Within geographic area 520-70, there are approximately 12 parcels that are part of the High-Tech/Flex specialty.

Economic Considerations:

During the past five years, the Puget Sound real estate market place had been very active. The eastside market area (Bellevue, Kirkland, Redmond, Woodinville, and Issaquah), especially, experienced rapidly appreciating property values unprecedented in recent memory. This growth was spurred on by new high-tech “dot-com.” startup companies, along with an increasing presence in software, service industries, finance, and aerospace.

During 2002/2003, the Puget Sound economy, along with the national economy, dipped into a moderate recession. The September 11th terrorist attacks on the WTC did not help the economy either, and may have prolonged the recession.

For this revalue period, the High-Tech/Flex industry continues to adjust from the economic recession/slowdown that had affected the Puget Sound economy since September 11, 2001. With respect to the Eastside and South-End technology markets, overall lease rates and vacancy rates have stabilized and continue to show signs of improvement. Capitalization rates have reached record lows. Falling interest rates and demand from investors moving funds from the stock market to more secured real estate investments has led to the drop in capitalization rates. There continues to be demand for High-Tech/Flex properties, and as a result, sales prices have risen. Some notable sales that have occurred in 2004 & 2005 include:

<i>Building Name</i>	<i>Sales Price</i>	<i>Sale Date</i>	<i>Bldg. Sq.Ft.</i>	<i>Price Sq.Ft.</i>
<i>Former Eddie Bauer Bldg.</i>	<i>\$38,000,000</i>	<i>08/10/2004</i>	<i>248,244</i>	<i>\$153.07</i>
<i>North-Creek Corporate Center</i>	<i>\$16,750,000</i>	<i>06/04/2005</i>	<i>96,035</i>	<i>\$174.42</i>
<i>West Willows Tech Center</i>	<i>\$34,050,000</i>	<i>08/11/2005</i>	<i>162,273</i>	<i>\$209.83</i>
<i>West Park</i>	<i>\$111,000,000</i>	<i>12/15/2005</i>	<i>767,486</i>	<i>\$144.63</i>
<i>Quadrant Willows Corp. Center</i>	<i>\$13,350,000</i>	<i>12/21/2005</i>	<i>72,000</i>	<i>\$185.42</i>

Microsoft recently announced that it will expand its campuses by one-third during the next three years. In May 2005, the City of Redmond approved Microsoft Corporation’s 20-year campus development agreement, which allows Microsoft’s Main and West campus to expand by 2,195,488 square feet. Microsoft will execute roughly half of the development agreement by 2009. Under work to be completed

over the next three years, Microsoft is adding a total of 3.1 million square feet of office space, which includes 7 new buildings, 7 acquired buildings, and additional lease space. The recently acquired buildings include the former Redmond offices of Eddie Bauer and Safeco. The capacity for all of this added space will be approximately 12,000 people.

Physical Inspection Area:

- ✚ Approximately 18.47% of the High-Tech/Flex buildings in King County were inspected.
- ✚ The physical inspection area for the 2006 revalue included those High-Tech/Flex properties located in Neighborhood 10 and 70.

Preliminary Ratio Analysis

- ✚ A Preliminary Ratio Study was done on 06-22-2006.
- ✚ The study included sales of improved parcels and showed a COV of 15.64%.
- ✚ A Ratio Study was completed after deriving the 2006 assessment year values. The results are included in the validation section of this report and show an improvement in the COV from the previous rate of 15.64% to a new rate of 7.66%.

Land Value:

Land Sales, Analysis, Conclusion

The respective geographic appraisers valued all land.

A list of vacant sales used and those considered not reflective of market are included in the geographic appraiser's reports.

Improved Parcel Total Values:

Sales Comparison Approach Model Description

The model for sales comparison was based on several data sources from the Assessor's records including LUC (land use code), net rentable area, effective year, condition, and sales price/ rentable area. A search was made on data that most closely fit a subject property within each geographic area. All sales were verified when possible by calling the purchaser, seller or agent, inquiring in the field, or using the CoStar COMPS services. Characteristic data was verified for all sales if possible. A list of the sales are included within this report.

Sales Comparison Calibration

After an initial search for comparable sales within each geographic area, a search is made in neighboring areas and expanded to include all of King County if necessary.

Cost Approach Model Description

A cost approach was available using the Marshall & Swift Commercial Estimator. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area.

Cost Calibration

Each appraiser valuing by cost can individually calibrate Marshall-Swift valuations to specific buildings in our area by accessing the parcel computerized valuation model supplied by Marshall & Swift.

Income Capitalization Approach Model Description

The specialty properties are located throughout King County with the concentration falling between Redmond and Bothell, generally referred to as the Technology Corridor. A map showing the Specialty Property sites is included within this report.

The Income tables within this area summary report are included to demonstrate typical Income parameters (Rents, Vacancy, Expenses, Cap. Rates) used for High-Tech / Flex buildings. The individual property valuation analysis for the High-Tech specialty is available within the Assessor's records. The models that are used for this revaluation are based on the building size parameters specific to the specialty and are dependent on effective age and quality data. Vacancy rate, expense rate and capitalization rate ranges were interpolated from data obtained from the market.

AREA 510-10 – Bothell / Woodinville

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate/%	Capitalization Rate %
Open Office/Mezz. Office/Whse. Office	\$12.00 to \$16.20	12%	7.50%	7.00% to 9.00%
Industrial Engineering Space	\$8.70 to \$12.00	12%	7.50%	7.00% to 9.00%
Storage Whse. / Mezz. Stor.	\$5.40 to \$7.75	12%	7.50%	7.00% to 9.00%

The rental rates per square foot range from \$12.00 to \$16.20 for the office space, \$8.70 to \$12.00 for the Industrial Engineering Space, and \$5.40 to \$7.75 per square foot for the warehouse space. Vacancy and Collection Loss was estimated at 12%, with operating expenses estimated at 7.50%, and capitalization rates ranging from 7.00% to 9.00%.

AREA 510-20 – Redmond Close-In / Marymoor

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate/%	Capitalization Rate %
Open Office/Mezz. Office/Whse. Office	\$11.40 to \$15.60	12%	7.50%	6.75% to 9.00%
Industrial Engineering Space	\$7.80 to \$11.80	12%	7.50%	6.75% to 9.00%
Storage Whse. / Mezz. Stor.	\$4.20 to \$8.00	12%	7.50%	6.75% to 9.00%

The rental rates per square foot range from \$11.40 to \$15.60 for the office space, \$7.80 to \$11.80 for the Industrial Engineering Space, and \$4.20 to \$8.00 per square foot for the warehouse space. Vacancy and Collection Loss was estimated at 12%, with operating expenses estimated at 7.50%, and capitalization rates ranging from 6.75% to 9.00%.

AREA 510-30 – Willows Corridor

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate/%	Capitalization Rate %
Open Office/Mezz. Office/Whse. Office	\$11.40 to \$16.20	15%	7.50%	7.00% to 9.00%
Industrial Engineering Space	\$7.80 to \$11.80	15%	7.50%	7.00% to 9.00%

Storage Whse. / Mezz. Stor.	\$4.20 to \$8.00	15%	7.50%	7.00% to 9.00%
------------------------------------	------------------	-----	-------	----------------

The rental rates per square foot range from \$11.40 to \$16.20 for the office space, \$7.80 to \$11.80 for the Industrial Engineering Space, and \$4.20 to \$8.00 per square foot for the warehouse space. Vacancy and Collection Loss was estimated at 15%, with operating expenses estimated at 7.50%, and capitalization rates ranging from 7.00% to 9.00%.

AREA 510-40 – Kirkland / Totem Lake

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate/%	Capitalization Rate %
Open Office/Mezz. Office/Whse. Office	\$12.00 to \$16.00	14%	7.50%	7.50% to 9.50%
Industrial Engineering Space	\$8.70 to \$11.75	14%	7.50%	7.50% to 9.50%
Storage Whse. / Mezz. Stor.	\$5.40 to \$7.50	14%	7.50%	7.50% to 9.50%

The rental rates per square foot range from \$12.00 to \$16.00 for the office space, \$8.70 to \$11.75 for the Industrial Engineering Space, and \$5.40 to \$7.50 per square foot for the warehouse space. Vacancy and Collection Loss was estimated at 14%, with operating expenses estimated at 7.50%, and capitalization rates ranging from 7.50% to 9.50%.

AREA 510-50 – Overlake / Bellevue

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate/%	Capitalization Rate %
Open Office/Mezz. Office/Whse. Office	\$12.00 to \$15.60	10%	7.50%	7.50% to 9.50%
Industrial Engineering Space	\$8.70 to \$11.80	10%	7.50%	7.50% to 9.50%
Storage Whse. / Mezz. Stor.	\$5.40 to \$8.00	10%	7.50%	7.50% to 9.50%

The rental rates per square foot range from \$12.00 to \$15.60 for the office space, \$8.70 to \$11.80 for the Industrial Engineering Space, and \$5.40 to \$8.00 per square foot for the warehouse space. Vacancy and Collection Loss was estimated at 10%, with operating expenses estimated at 7.50%, and capitalization rates ranging from 7.50% to 9.50%.

AREA 510-60 – Issaquah

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate/%	Capitalization Rate %
Open Office/Mezz. Office/Whse. Office	\$12.00 to \$18.00	10%	7.50%	7.25% to 9.00%

Industrial Engineering Space	\$9.50 to \$13.00	10%	7.50%	7.25% to 9.00%
Storage Whse. / Mezz. Stor.	\$5.40 to \$8.00	10%	7.50%	7.25% to 9.00%

The rental rates per square foot range from \$12.00 to \$18.00 for the office space, \$9.50 to \$13.00 for the Industrial Engineering Space, and \$5.40 to \$8.00 per square foot for the warehouse space. Vacancy and Collection Loss was estimated at 10%, with operating expenses estimated at 7.50%, and capitalization rates ranging from 7.25% to 9.00%.

AREA 510-70 – South King County

Land Use:	Rent Range per Sq.Ft.	Vacancy/Coll. Loss %	Expense Rate/%	Capitalization Rate %
Open Office/Whse. Office	\$9.00 to \$15.00	10%	10%	7.50% to 9.00%
Mezz. Office	\$5.40 to \$10.20	10%	10%	7.50% to 9.00%
Industrial Engineering Space	\$5.00 to \$11.00	10%	10%	7.50% to 9.00%
Storage Whse. / Mezz. Stor.	\$5.50 to \$7.20	10%	10%	7.50% to 9.00%

The rental rates per square foot range from \$9.00 to \$15.00 for the office space, \$5.40 to \$10.20 for the mezz. office space, \$5.00 to \$11.00 for the Industrial Engineering Space, and \$5.50 to \$7.20 per square foot for the warehouse space. Vacancy and Collection Loss was estimated at 10%, with operating expenses estimated at 10%, and capitalization rates ranging from 7.50% to 9.00%.

Income Approach Calibration

The models were calibrated after setting the base rents by using adjustments based on size, effective age, construction class and quality as recorded in the Assessor's records. Properties were valued based on the income tables included within this report. The individual property valuation information is available within Assessor records. Additional factors considered were excess land, economic units, or unique features with the property.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

The values for all parcels were individually reviewed by the speciality appraiser before the final value was selected.

MODEL VALIDATION

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

The Specialty Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

The new assessment level is 93.8%. The standard statistical measures of valuation performance are all within IAAO guidelines and are presented both in the Executive Summary and in the 2005 and 2006 Ratio Analysis charts included in this report.

The total assessed value for the 2005 assessment year for Specialty Area 510 was \$2,264,723,100. The total recommended assessed value for the 2006 assessment year is \$2,508,069,500.

Application of these recommended values for the 2006 assessment year resulted in an average total change from the 2005 assessments of +10.74%.

	<i>2005 Total</i>	<i>2006 Total</i>	<i>\$ Increase</i>	<i>% Change</i>
<i>Total Value</i>	\$2,264,723,100	\$2,508,069,500	\$243,346,400	+ 10.74%

This increase is due in part to changes in the return of investment expected by investors, the increase in demand for commercial real estate properties for investment purposes, since last year, and the previous assessment levels.

USPAP Compliance

Client and Intended Use of the Appraisal:

*This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **summary mass appraisal report** as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Cards, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-12-330 **REAL PROPERTY VALUATION—HIGHEST AND BEST USE.**

All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Special assumptions and limiting conditions:

That no opinion as to title is rendered. Data on ownership and the legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions unless shown on the maps or property record cards. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

That rental areas herein discussed have been calculated in accord with standards developed by the American Standards Association as included in Real Estate Appraisal Terminology.

That the projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

That no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

That the appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found. We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

Exterior inspections were made of all properties however, due to lack of access few received interior inspections.

The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

We appraise fee simple interest in every property. Unless shown on the Assessor's parcel maps, we do not consider easements as adversely affecting property value.

We have attempted to segregate personal property from the real estate in our appraisals.

We have not appraised movable equipment or fixtures as part of the real estate. We have appraised identifiable permanently fixed equipment with the real estate in accordance with RCW 84.04.090 and WAC 458-12-010.

We have considered the effect of value of those anticipated public and private improvements of which we have common knowledge. We can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.

The appraisers have no personal interest or bias toward any properties that they appraise.

Departure Provisions:

Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception

SR 6-2 (g)

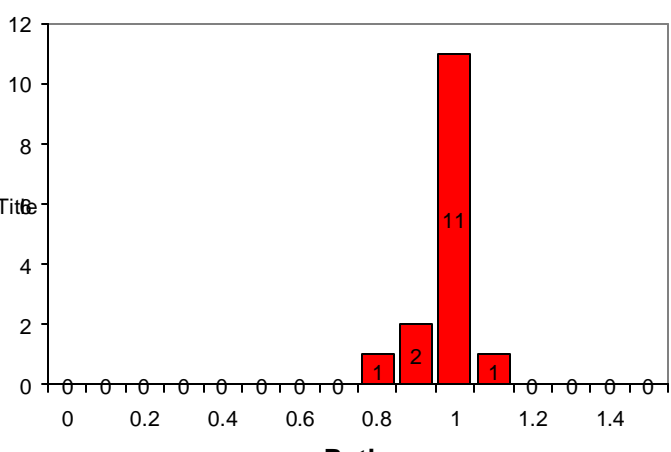
The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.

**Area 510-000 High-Tech
2006 Assessment Year**

A 2006 Ratio Looking at Sales Using the 2005 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:				
East Crew	1/1/2005	6/22/2006	8/20/03 - 12/21/05				
Area	Appr ID:	Prop Type:	Trend used?: Y / N				
510-000	STRO	Improvement	N				
SAMPLE STATISTICS							
Sample size (n)	15	<div>Ratio Frequency</div>					
Mean Assessed Value	14,129,300						
Mean Sales Price	17,919,100						
Standard Deviation AV	21,892,837						
Standard Deviation SP	27,996,439						
ASSESSMENT LEVEL							
Arithmetic mean ratio	0.849	<div>Axis Title</div>					
Median Ratio	0.895						
Weighted Mean Ratio	0.789						
UNIFORMITY							
Lowest ratio	0.5338	<div>Ratio</div>					
Highest ratio:	1.0345						
Coefficient of Dispersion	11.51%						
Standard Deviation	0.1327						
Coefficient of Variation	15.64%						
Price-related Differential	1.08						
RELIABILITY							
95% Confidence: Median		<div>These figures reflect measurements <u>before</u> posting new values.</div>					
Lower limit	0.769						
Upper limit	0.940						
95% Confidence: Mean							
Lower limit	0.781						
Upper limit	0.916						
SAMPLE SIZE EVALUATION							
N (population size)	184						
B (acceptable error - in decimal)	0.05						
S (estimated from this sample)	0.1327						
Recommended minimum:	25						
Actual sample size:	15						
Conclusion:	Uh-oh						
NORMALITY							
Binomial Test							
# ratios below mean:	7						
# ratios above mean:	8						
z:	0						
Conclusion:	Normal*						
*i.e., no evidence of non-normality							

Area 510-000 High-Tech
2006 Assessment Year
A 2006 Ratio Looking at Sales Using the 2006 AV

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:											
East Crew	1/1/2006	6/22/2006	8/20/03 - 12/21/05											
Area	Appr ID:	Prop Type:	Trend used?: Y / N											
510	STRO	Improvement	N											
SAMPLE STATISTICS														
Sample size (n)	15	<div>Ratio Frequency</div>  <p>A histogram showing the frequency of ratios. The x-axis is labeled 'Ratio' and ranges from 0 to 1.4. The y-axis is labeled 'Axis Title' and ranges from 0 to 12. There are four bars: a bar at 0.8 with frequency 1, a bar at 0.9 with frequency 2, a bar at 1.0 with frequency 11, and a bar at 1.1 with frequency 1.</p> <table border="1"><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.8</td><td>1</td></tr><tr><td>0.9</td><td>2</td></tr><tr><td>1.0</td><td>11</td></tr><tr><td>1.1</td><td>1</td></tr></tbody></table>			Ratio	Frequency	0.8	1	0.9	2	1.0	11	1.1	1
Ratio	Frequency													
0.8	1													
0.9	2													
1.0	11													
1.1	1													
Mean Assessed Value	16,806,800													
Mean Sales Price	17,919,100													
Standard Deviation AV	26,278,388													
Standard Deviation SP	27,996,439													
ASSESSMENT LEVEL														
Arithmetic mean ratio	0.941	<div>These figures reflect measurements after posting new values.</div>												
Median Ratio	0.956													
Weighted Mean Ratio	0.938													
UNIFORMITY														
Lowest ratio	0.7417													
Highest ratio:	1.0021	<div>These figures reflect measurements after posting new values.</div>												
Coefficient of Dispersion	5.37%													
Standard Deviation	0.0722													
Coefficient of Variation	7.66%													
Price-related Differential	1.00													
RELIABILITY														
95% Confidence: Median		<div>These figures reflect measurements after posting new values.</div>												
Lower limit	0.917													
Upper limit	0.999													
95% Confidence: Mean														
Lower limit	0.905													
Upper limit	0.978													
		<div>These figures reflect measurements after posting new values.</div>												
SAMPLE SIZE EVALUATION														
N (population size)	184													
B (acceptable error - in decimal)	0.05													
S (estimated from this sample)	0.0722													
Recommended minimum:	8													
Actual sample size:	15													
Conclusion:	OK	<div>These figures reflect measurements after posting new values.</div>												
NORMALITY														
Binomial Test														
# ratios below mean:	7													
# ratios above mean:	8													
z:	0													
Conclusion:	Normal*	<div>These figures reflect measurements after posting new values.</div>												
*i.e., no evidence of non-normality														

Improvement Sales for Area 510 with Sales Used 06/22/2006

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
510	020	720170	0070	16,578	1981557	\$1,657,800	08/20/03	\$100.00	WILLOWS 5 "BLDG A"	MP	1	Y	
510	010	720170	0071	12,242	2008278	\$1,065,000	12/08/03	\$87.00	WILLOWS THREE BLDG B	MP	1	Y	
510	050	644830	0030	41,176	2012365	\$5,295,000	01/08/04	\$128.59	EDDIE BAUER WEST	OV	1	Y	
510	020	644830	0100	40,340	2027259	\$6,073,336	03/29/04	\$150.55	AGA FRIGOSCANDIA	OV	1	Y	
510	010	697950	0020	65,080	2054350	\$11,000,000	07/12/04	\$169.02	Quadrant Willows Corporate Ctr -	BP	1	Y	
510	050	644830	0080	21,882	2055598	\$4,270,500	07/19/04	\$195.16	MICROSOFT	OV	1	Y	
510	020	644830	0040	248,244	2062209	\$38,000,000	08/10/04	\$153.08	EDDIE BAUER INC	OV	2	Y	
510	020	644830	0095	28,920	2074223	\$4,300,000	10/01/04	\$148.69	78.42% Office	OV	1	Y	
510	010	720170	0080	35,573	2075175	\$3,800,000	10/07/04	\$106.82	WILLOWS 3 "BLDG C" (10.80% OFFIC	MP	1	Y	
510	070	030150	0160	100,980	2113695	\$8,700,000	04/06/05	\$86.16	KEY BANK CALL CENTER	M1	1	Y	
510	010	697920	0320	96,035	2130501	\$16,750,000	06/14/05	\$174.42	NORTH CREEK CORP CTR BLDG A, B,	MU	1	Y	
510	010	928690	0120	166,024	2148683	\$34,050,000	08/11/05	\$205.09	WEST WILLOWS - SEAMED	MP	3	Y	
510	020	659980	0010	767,486	2176024	\$111,000,000	12/15/05	\$144.63	WESTPARK	MP	16	Y	
510	010	943050	0130	90,115	2176911	\$9,475,000	12/16/05	\$105.14	95 RIVERSIDE PARK	MP	2	Y	
510	010	697950	0030	72,000	2179798	\$13,350,000	12/21/05	\$185.42	Quadrant Willows Corporate Ctr -	BP	1	Y	